

Governor 15:

Robert L. Morgan PC
Executive Director Sa
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210 PO Box 145801 Sait Lake City, Utah 84114-5801 801-538-5340 801-359-3940 (Fax) 801-538-7223 (TDD)

12/29/2003

U S ENERGY CORP 877 N 800 W RIVERTON WY 82501

Re: Request for Annual Report for the Year 2003.

Dear Sirs:

The enclosed report form(s) for the Mine(s) referenced below need to be completed and returned to this office by January 31,2004.

| Mine Status | Mine Number | Mine Name | Contact Person |
|-------------|-------------|---------------------|----------------|
| INACTIVE | M170001 ~ | TONY M/LUCKY STRIKE | DANIEL ARIMA |
| INACTIVE | M370040 | VELVET | DANIEL ARIMA |
| INACTIVE | S170017 | FRANK M MINE | DANIEL ARIMA |

Annual reports are required by Rules R647-3-116 and R647-4-121 of the Division's Amended and New Rules, Minerals Reclamation Program.

Reports are required regardless of annual mine activity, unless you have received a written waiver or formal release from reclamation obligations from the Division.

Thank you for your cooperation and prompt attention to this matter.

Sincerely,

D. Wayne Hedberg Permit Supervisor

Minerals Reclamation Program